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STATISTICAL BULLETIN

Volume 18, No. 9, September, 1985

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- CAR AND HOME SALES RISE
- NEW ORDERS PICK UP
- PRODUCTION GAINS IMPROVE A LITTLE
- IMPORTS SLOW
- CAPITAL SPENDING MAY BE WEAKENING

OVERVIEW: Data released in the last month point to a strengthening in the economy in the third quarter. Car sales took off in response to the end of the delivery strike and the 7.7% loan offer. Strong car buying gave a boost to retail sales. New orders have quickened a bit. Industrial production expanded. Meanwhile, imports slowed. Altogether, these few signs suggest that the pace of activity has quickened. Fast money growth, and interest rate and dollar relief, lend support to the view that the second half of 1985 will be better than the first half. Yet, given some areas in the economy, that pickup in expansion seems likely to be restrained.

Budget assumptions from both Congress and the Administration show a resurgence of economic expansion (see the new table on page 12). Private **Economic Forecasts** tend to agree but have decidedly more modest expectations. The median of the forecasts shows real output growing just under 3% in the second half of 1985. That pace is expected to be maintained all through 1986.

DOMESTIC MARKETS MONITOR

The unemployment rate declined a little in August, to 7%, after having been stuck at 7.3% through the first half of 1985. But that improvement is more the result of slow labor force growth than any pickup in job demand. Employment has grown by 0.2% in the last 4 months. Most of these new jobs are in services, and have gone to women. The labor force—those working or looking for a job—did not change in the last 4 months. The population (16 years of age and up) rose 0.3 percent. A number of out-of-work teens, and some adult men, did not bother to look for work this Summer. So, they weren't counted in the labor force. If they had been, the unemployment rate would not have declined.

Gains in hours worked strongly support the view that activity is livelier in the third quarter. Small gains in the number of production workers, and a 0.2 hour rise in the work week, resulted in a fairly strong 0.7% rise in manufacturing hours in August. Nonmanufacturing hours were also up significantly.

Labor market indicators are not signalling any sizable pickup in new hiring. The Conference Board's **Help-wanted Index** rose to 139 (1967 = 100) in July, from 131 in May. That only brought this measure of labor demand back up to its level of last Summer. Moreover, early returns to the August survey indicate that ad volume dropped off a bit.

WAGES AND INCOMES: Hourly earnings, adjusted for inflation, have been unchanged in the latest 4 months. In fact, average real earnings per hour were no higher in July than last January, and actually 1% lower than a year ago.

The rise in personal income has slowed. Income, adjusted for inflation, rose only 0.2% in July. Average hourly earnings are also rising rather slowly. Most of the new jobs are in services, where pay is typically lower than in goods-production. Further, corporate profits have been flat for the last year. And price increases have been limited. The high dollar helps keep price rises muted. Given limited price hikes and flat profitability (see the Key Determinents of Profit Margins chart), employers can ill afford to relax their labor cost containment.

Retail sales improved in July and August, after some declines in the prior 2 months. The August gain was quite sharp but mainly reflected a surge in car buying. After 3 relatively soft months, new domestic **Automobile Sales** returned in August to the fast pace set in April. Delayed buying, due to the delivery strike as well as widespread — widely advertised—financing incentives, perked up sales. Moreover, foreign cars were selling at roughly the same pace in August as in the prior 3 months. But, did shoppers, who were planning to buy a new 1986 car, decide not to wait—i.e., not pass up bargains? Loan incentives have been introduced before. This time, though, they are available on more models. Sales always tail off when incentive programs end. Stepped up production (almost 20% higher this July than last year) suggests that car makers are betting on not much drop off. Car sale numbers bear close watching this Fall.

Ken Goldstein, Editor

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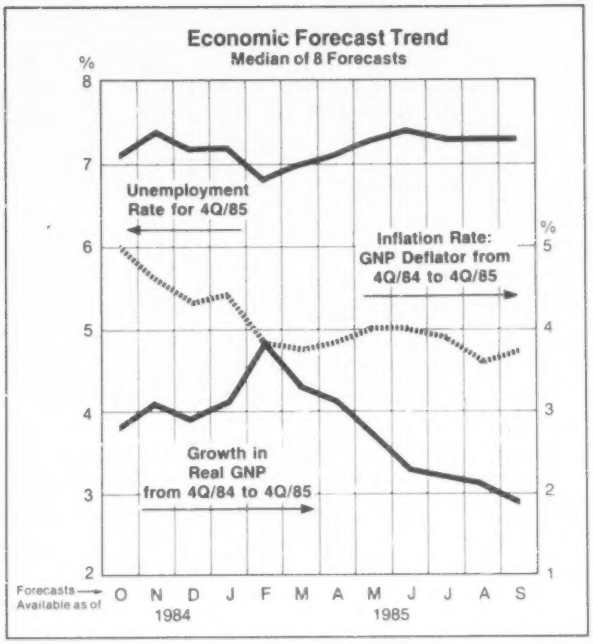


After a bit of a slump this Spring, new one-family home sales rebounded in June and July. Sales were 0.7% higher in July than last March. Single-unit housing starts, however, were 10% lower in July than 3 months earlier. Multiple-unit starts were off 22 percent. The modest pickup in sales, then, has not yet spurred any surge in building activity.

Household liquidity has improved. That's the other side of strong money growth. Debt burdens, however, are still at near-record levels. The ratio of **Consumer Installment Debt Expansion to Personal Income** has declined in 2 of the last 4 months. Nevertheless, the ratio was only marginally lower in July than it was in March and April.

The Conference Board's **Consumer Confidence Index** has been treading water since last Winter. Consumer attitudes have not improved much and expectations of income and job growth are still very weak.

The boom in business investment may be winding down. The Conference Board's **Capital Appropriations and Expenditure** survey of the 1,000 largest manufacturers showed that spending plans did not rise in the second quarter. And, although spending was still increasing, industry leaders have scaled back their expectations of investment growth. They now expect capital investment to rise 6% this year. Only 3 months ago, they expected it to rise 17 percent.

Industrial production, which has been rising at about 0.1% to 0.2% per month recently, increased 0.3% in August. The gain in manufacturing was a little sharper. Production of business and defense- and space-related equipment has been relatively strong. Production of cars and autos, though, quickened in July and August.

After a sizable gain in June, new orders for manufactured goods dipped in July. But, total orders were still 5.6% higher in July than 3 months earlier. To be sure, orders for defense material were up almost 60 percent. But, nondefense orders were 2.4% higher in July.

INVENTORY: Following a sizable increase in June, inventory was unchanged in July. Business sales, however, recovered a bit. The ratio of inventory-to-sales, then, fell a notch. That indicates that inventory realignment is continuing.

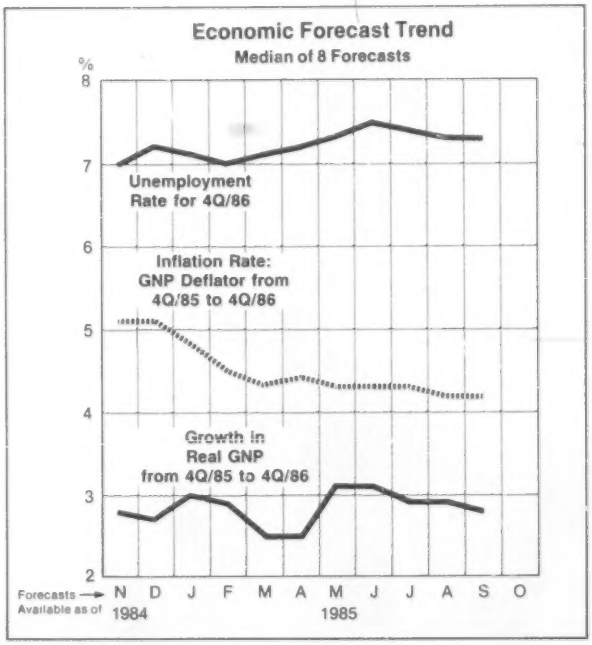
PRICES: Commodity prices fell 2.3% in August—about the same pace as in the prior 3 months. Raw industrial commodity prices fell only 0.4% and metal prices actually rose 1.1%—after declining for 3 months. Declining food prices are depressing the overall commodity index.

INTERNATIONAL MONITOR

After rising by about 2% in both May and June, imports fell by a sharp 9.5% in July. Shipments of fuel, food, raw materials and finished goods all declined. Exports have dipped a little in recent months.

Following a steep drop in July, the dollar edged lower in August. The trade-weighted average **Exchange Rate** of the dollar against other major currencies was 124 (1980-1982 = 100) in August—or 24% above its base-period value. The dollar has come down by about 9½% since March. Half of that occurred in July.

Ken Goldstein
September 16, 1985

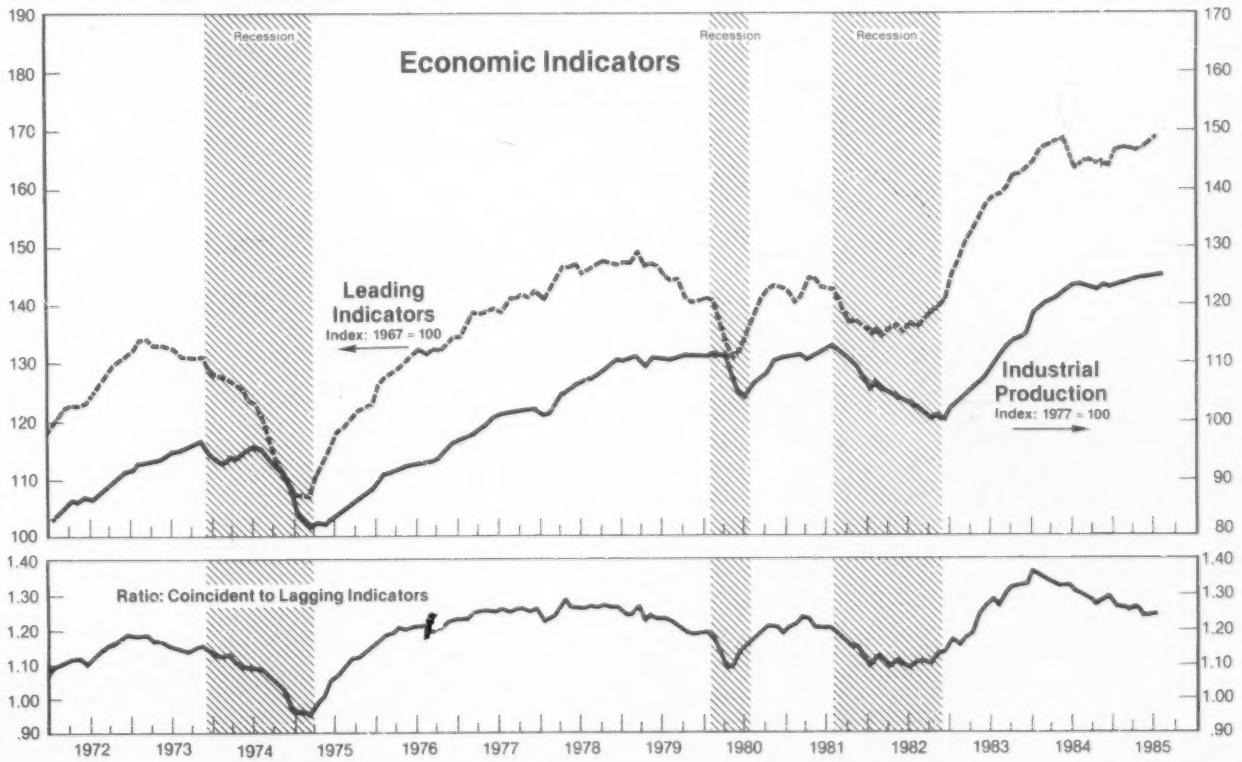


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	July	X			+ 1.1%	+ 2.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	July	X			+ 6.4%	- 3.8%
New orders, nondefense capital goods (deflated)	July		X		+ 4.5%	- 5.0%
*New business formation	July		X		+ 1.2%	+ 1.9%
*Housing permits	July		X		- 0.6%	+ 6.5%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	July		X		+ 0.3%	+ 0.2%
*Change in inventory, on hand & order (deflated)	June			X	- 15.9%	- 29.4%
Purchasing agents' buying policy	Aug.		X		+ 1.0%	- 5.0%
*Vendor performance, reported slower deliveries	July		X		0. %	- 16.0%
Industrial raw materials prices	Aug.			X	- 4.8%	- 12.9%
*Change in sensitive material prices	July		X		+ 0.3%	+ 0.3%
Sensitive Financial Flows						
*Money balance (M2 deflated)	July	X			+ 2.0%	+ 5.5%
Change in business loans	July	X			+ 9.4%	- 14.2%
*Change in credit outstanding	July			X	- 5.4%	- 7.6%
Change in consumer installment debt	June		X		- 18.7%	- 3.6%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	- 1.0%	- 12.1%
*Common stock prices	Aug.		X		+ 1.7%	+ 14.4%
Marginal Employment Adjustments						
*Average workweek, mfg.	July		X		+ 0.2hr	- 0.1hr
*Initial unemployment claims (inverted)	Aug.	X			+ 6.0%	- 0.6%

Note: For a description of tne Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.

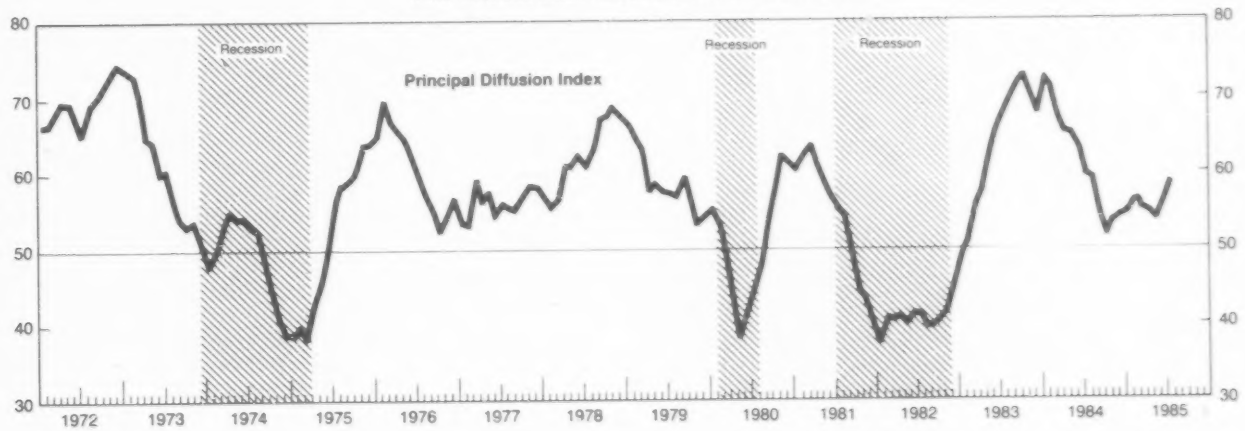


CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 July	1985 Apr.	1985 May	1985 June	1985 July (e)
Principal Diffusion Index	61.6r	54.8r	53.9r	56.0r	58.5
Auxillary Diffusion Index	44.0r	52.0r	47.3r	56.6r	58.2
Industrial Group	62.5r	48.3r	51.6r	56.3r	60.7
Nonindustrial Group	60.8	61.3	56.3r	55.6r	56.3
Sense of Diffusion	1	0	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	65.4r	41.9r	45.7r	54.7r	62.8
Labor	57.1	54.5	58.3	58.8r	62.4
Miscellaneous	71.8	42.3	43.6	52.6	53.2
Nonindustrial Subgroups					
Prices	46.8	42.9	44.9	46.8	48.1
Consumer	73.1	76.5	70.1	64.5	69.7
Building	61.5	74.4	64.1	62.2r	52.6
Miscellaneous	57.3	49.6	44.9r	48.1r	50.9

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Nov.	1983 Feb.	1983 May	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May
	Score (scale 0-100)										
Measure of Business Confidence	60	70	76	75	74	70	65	61	57	61	52
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	65	76	82	80	76	75	70	57	62	48
2. Expectations for Economy, Six Months Ahead	70	76	78	74	73	67	60	57	57	61	53
3. Expectations for Own Industry, Six Months Ahead	65	70	72	69	70	67	61	57	58	61	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

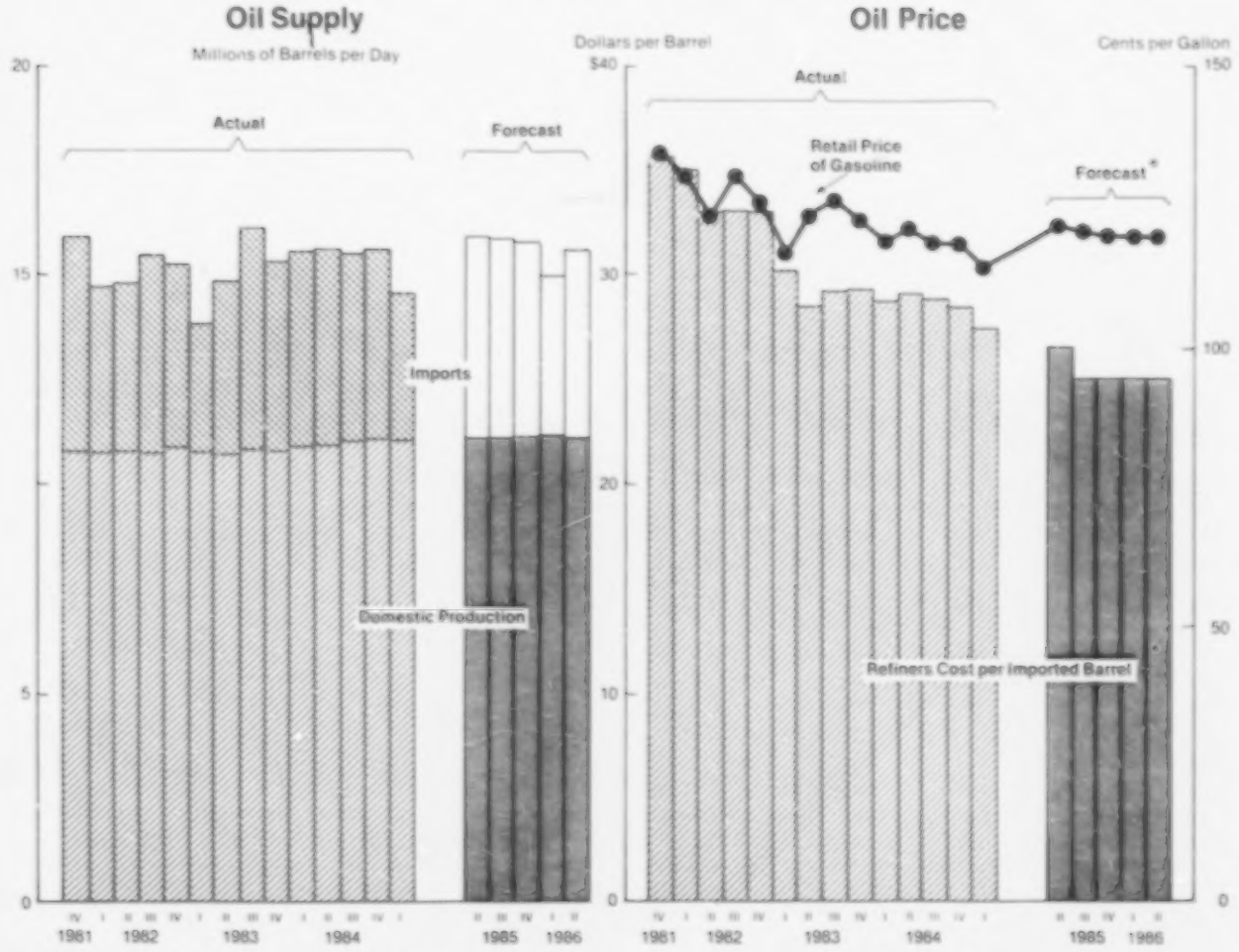
	1983	1984				1985		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	24.262	26.916	34.123	27.309	29.100	29.938	28.605	32	1
Capital expenditures	19.560	20.129	21.739	23.034	24.587	23.354	25.673	19	6
Change in appropriations backlog*	+0.928	+4.969	+10.715	+2.885	+2.302	+4.984	+0.511		
Durable Goods									
New appropriations	11.024	13.387	18.702	12.742	15.072	16.737	11.421	59	-14
Capital expenditures	8.727	8.874	10.041	11.101	12.223	11.648	13.332	33	9
Change in appropriations backlog*	+0.819	+3.659	+8.212	+1.107	+1.797	+4.154	-3.184		
Nondurable Goods									
New appropriations	13.238	13.529	15.421	14.567	14.028	13.201	17.184	11	16
Capital expenditures	10.833	11.255	11.698	11.933	12.364	11.706	12.341	9	4
Change in appropriations backlog*	+0.109	+1.310	+2.503	+1.778	+0.505	+0.830	+3.695		
ELECTRIC & GAS UTILITIES									
New appropriations	6.561	5.090	7.843	9.675	11.372	6.951	N.A.	26	
Capital expenditures	8.676	8.737	8.859	9.019	9.170	8.653	N.A.	1	
Change in appropriations backlog*	-4.415	-6.109	-2.971	-1.526	-3.134	-0.077	N.A.		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

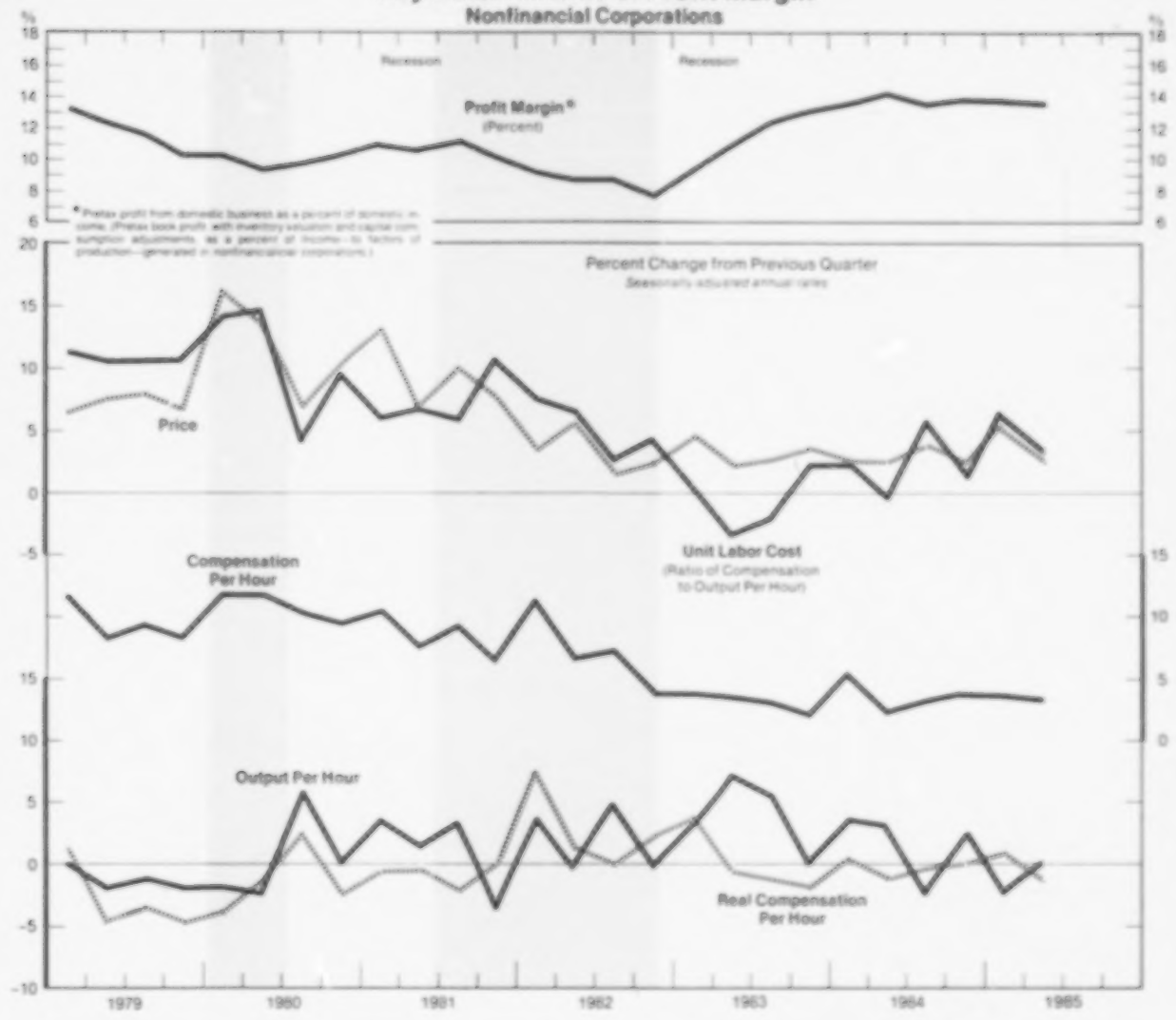
* Change in Backlog = New Appropriations - (Expenditures + Cancellations + Other Adjustments)

** Results based on survey respondents' expectations

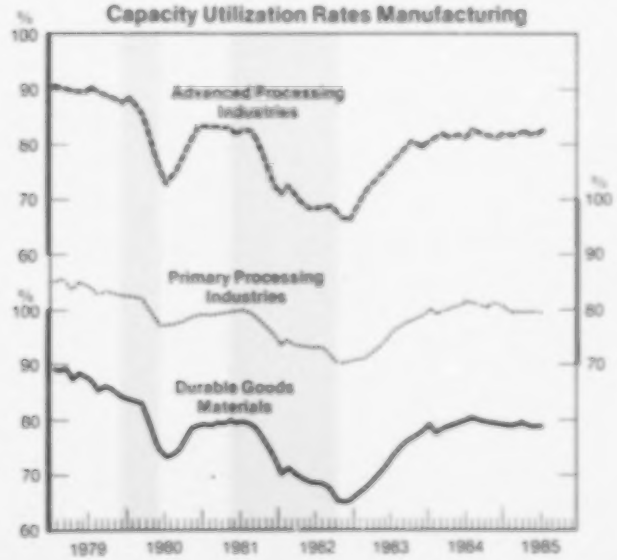


*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios

ECONOMIC FORECASTS

			UCLA[1] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*August, 1985*		*August, 1985*		*August, 1985*		*August, 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**II**	**$3855.1**	**4.8%**	**$3855.1**	**4.8%**	**$3855.1**	**4.8%**	**$3855.1**	**4.8%**
		III	3912.1	6.0%	3917.2	6.6	3886.9	3.3	3909.5	5.8
		IV	3972.2	6.3	3975.7	6.1	3950.8	6.7	3983.3	7.8
	1986	I	4040.5	7.1	4037.5	6.4	4012.9	6.4	4055.3	7.4
		II	4111.0	7.2	4112.1	7.6	4074.0	6.2	4113.5	5.9
		III	4192.3	8.1	4195.9	8.4	4148.1	7.5	4179.6	6.6
		IV	4282.8	8.9	4278.4	8.1	4215.6	6.7	4252.0	7.1
	1987	I	4389.8	10.4			4274.9	5.7	4319.1	6.5
		II	4490.0	9.4			4338.4	6.1	4404.7	8.2
		III	4587.1	8.9			4391.0	4.9	4496.6	8.8
	1985	Annual	3887.5	6.1	3889.7	6.2	3875.9	5.6	3889.6	6.2
	1986	Annual	4156.7	6.9	4156.0	6.8	4112.7	6.1	4150.1	6.7
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**II**	**$1671.6**	**2.0%**	**$1671.6**	**2.0%**	**$1671.6**	**2.0%**	**$1671.6**	**2.0%**
		III	1683.7	2.9	1684.3	3.1	1679.0	1.8	1682.1	2.5
		IV	1695.5	2.8	1693.7	2.3	1692.0	3.1	1698.7	4.0
	1986	I	1709.5	3.3	1704.0	2.5	1704.0	2.9	1711.3	3.0
		II	1724.5	3.6	1717.9	3.3	1719.0	3.6	1718.1	1.6
		III	1742.8	4.3	1733.3	3.6	1732.0	3.1	1726.6	2.0
		IV	1764.6	5.1	1747.8	3.4	1742.0	2.3	1736.5	2.3
	1987	I	1789.4	5.7			1752.0	2.3	1742.5	1.4
		II	1811.8	5.1			1760.0	1.8	1757.6	3.5
		III	1831.6	4.4			1767.0	1.6	1774.1	3.6
	1985	Annual	1676.6	2.4	1678.3	2.4	1676.5	2.3	1679.0	2.4
	1986	Annual	1735.4	3.4	1725.8	2.8	1724.3	2.8	1723.1	2.6
Gross National Product deflator Index, 1972 = 100										
Actual	**1985**	**II**	**230.6**	**2.7%**	**230.6**	**2.7%**	**230.6**	**2.7%**	**230.6**	**2.7%**
		III	232.4	3.0	232.6	3.4	231.5	1.5	232.4	3.1
		IV	234.3	3.4	234.7	3.8	233.5	3.5	234.5	3.6
	1986	I	236.4	3.6	236.9	3.8	235.5	3.5	237.0	4.3
		II	238.4	3.5	239.4	4.2	237.0	2.8	239.4	4.2
		III	240.5	3.7	242.1	4.6	239.5	4.3	242.1	4.5
		IV	242.7	3.6	244.8	4.6	242.0	4.2	244.9	4.7
	1987	I	245.3	4.4			244.0	3.4	247.9	5.0
		II	247.8	4.1			246.5	4.2	250.6	4.5
		III	250.4	4.3			248.5	3.3	253.6	4.6
	1985	Annual	231.6	3.7	231.8	3.7	231.2	3.5	231.7	3.7
	1986	Annual	239.5	3.4	240.8	3.9	238.5	3.2	240.8	4.0
Unemployment Rate										
Actual	**1985**	**II**		**7.3%**		**7.3%**		**7.3%**		**7.3%**
		III		7.3		7.4		7.3		7.3
		IV		7.3		7.4		7.4		7.2
	1986	I		7.4		7.5		7.4		7.2
		II		7.3		7.4		7.4		7.1
		III		7.2		7.3		7.3		7.1
		IV		7.1		7.2		7.5		7.2
	1987	I		6.9				7.5		6.6
		II		6.8				7.4		6.9
		III		6.6				7.4		
	1985	Annual		7.3		7.4		7.3		7.3
	1986	Annual		7.3		7.4		7.4		7.2

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary second quarter data.
[2]Based on revised second quarter data.

ECONOMIC FORECASTS (continued)

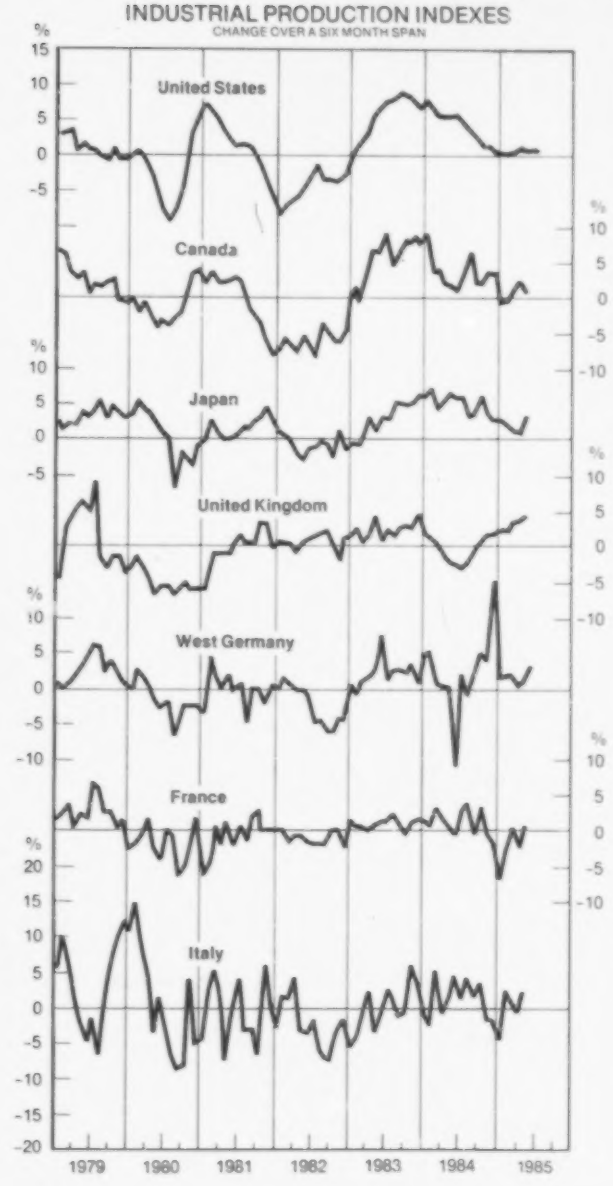
The Conference Board[1] July, 1985 Level	The Conference Board[1] July, 1985 Percent Change	Chase Econometric[2] Associates, Inc. August, 1985 Level	Chase Econometric[2] Associates, Inc. August, 1985 Percent Change	Data Resources Inc.[3] August, 1985 Level	Data Resources Inc.[3] August, 1985 Percent Change	Wharton E.F.A. Inc.[4] August, 1985 Level	Wharton E.F.A. Inc.[4] August, 1985 Percent Change	Date of Forecast		
								Gross National Product Billions of Current Dollars		
		$3855.1	**4.8%**	**$3855.1**	**4.8%**	**$3855.1**	**4.8%**	**II**	**1985**	**Actual**
$3915.0	6.5%	3911.3	6.0	3909.1	5.7	3917.7	6.7	III		
3958.0	5.5	3969.9	6.1	3965.7	5.9	3991.9	7.8	IV		
4033.0	6.7	4042.7	7.5	4018.7	5.5	4059.7	7.0	I	1986	
4101.0	6.9	4111.7	7.0	4064.8	4.7	4122.3	6.3	II		
4190.0	8.0	4173.1	6.1	4121.4	5.7	4191.9	6.9	III		
4273.0	8.2	4229.9	5.6	4190.7	6.9	4273.8	8.0	IV		
		4324.0	8.2	4285.1	9.3	4365.8	8.9	I	1987	
		4417.8	9.0	4375.1	8.7	4450.9	8.0	II		
		4520.2	9.6	4464.6	8.4	4532.1	7.5	III		
3896.9	6.1	3896.7	6.1	3885.1	6.1	3893.8	6.3	Annual	1985	
4149.3	6.6	4139.4	6.5	4098.9	5.5	4161.9	6.9	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
		$1671.6	**2.0%**	**$1671.6**	**2.0%**	**$1671.6**	**2.0%**	**II**	**1985**	**Actual**
$1683.5	3.1%	1680.8	2.2	1682.6	2.7	1683.6	2.9	III		
1691.4	1.9	1692.7	2.9	1693.4	2.6	1700.3	4.0	IV		
1703.9	3.0	1706.2	3.2	1701.4	1.9	1709.8	2.3	I	1986	
1716.5	3.0	1718.2	2.6	1706.8	1.3	1718.7	2.1	II		
1736.3	4.7	1724.6	1.5	1716.2	2.2	1729.7	2.6	III		
1751.4	3.5	1729.4	1.1	1730.1	3.3	1744.2	3.4	IV		
		1747.0	4.1	1751.2	5.0	1761.5	4.0	I	1987	
		1763.8	3.9	1769.9	4.3	1777.4	3.7	II		
		1779.9	3.7	1786.5	3.8	1790.2	2.9	III		
1677.3	2.3	1677.1	2.3	1677.8	2.3	1679.7	2.5	Annual	1985	
1727.0	3.0	1719.6	2.5	1713.6	2.1	1725.6	2.7	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
		230.6	**2.7%**	**230.6**	**2.7%**	**230.6**	**2.7%**	**II**	**1985**	**Actual**
232.6	3.3%	232.7	3.7	232.3	3.0	232.7	3.6	III		
234.6	3.6	234.5	3.2	234.2	3.2	234.8	3.7	IV		
236.7	3.6	236.9	4.2	236.2	3.5	237.4	4.6	I	1986	
238.9	3.6	239.3	4.0	238.2	3.3	239.8	4.1	II		
241.3	4.1	242.0	4.5	240.1	3.4	242.3	4.2	III		
244.0	4.5	244.6	4.4	242.2	3.5	245.0	4.5	IV	1987	
		247.5	4.6	244.7	4.1	247.8	4.7	I		
		250.5	4.9	247.2	4.1	250.4	4.2	II		
		254.0	5.7	249.9	4.5	253.2	4.5	III		
231.7	3.7	231.7	3.7	231.6	3.6	231.8	3.8	Annual	1985	
240.2	3.7	240.7	3.9	239.2	3.3	241.2	4.0	Annual	1986	
								Unemployment Rate		
	7.3%		7.3%		7.3%		7.3%	**II**	**1985**	**Actual**
	7.3		7.3		7.3		7.2	III		
	7.3		7.3		7.4		7.2	IV		
	7.4		7.5		7.4		7.3	I	1986	
	7.4		7.4		7.5		7.4	II		
	7.1		7.4		7.7		7.4	III		
	7.1		7.4		7.7		7.5	IV		
			7.4		7.7		7.4	I	1987	
			7.3		7.6		7.2	II		
			7.1		7.5		7.2	III		
	7.4		7.3		7.3		7.3	Annual	1985	
	7.3		7.4		7.6		7.4	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

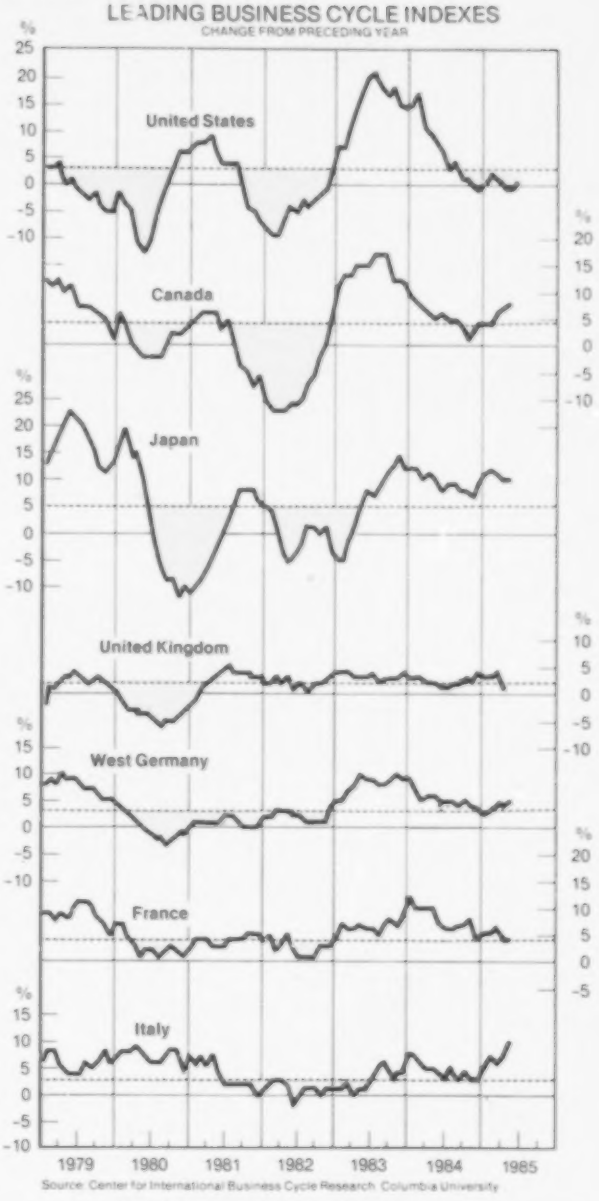
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

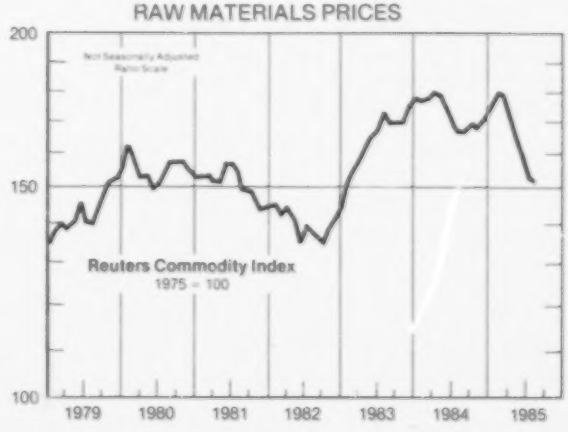
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

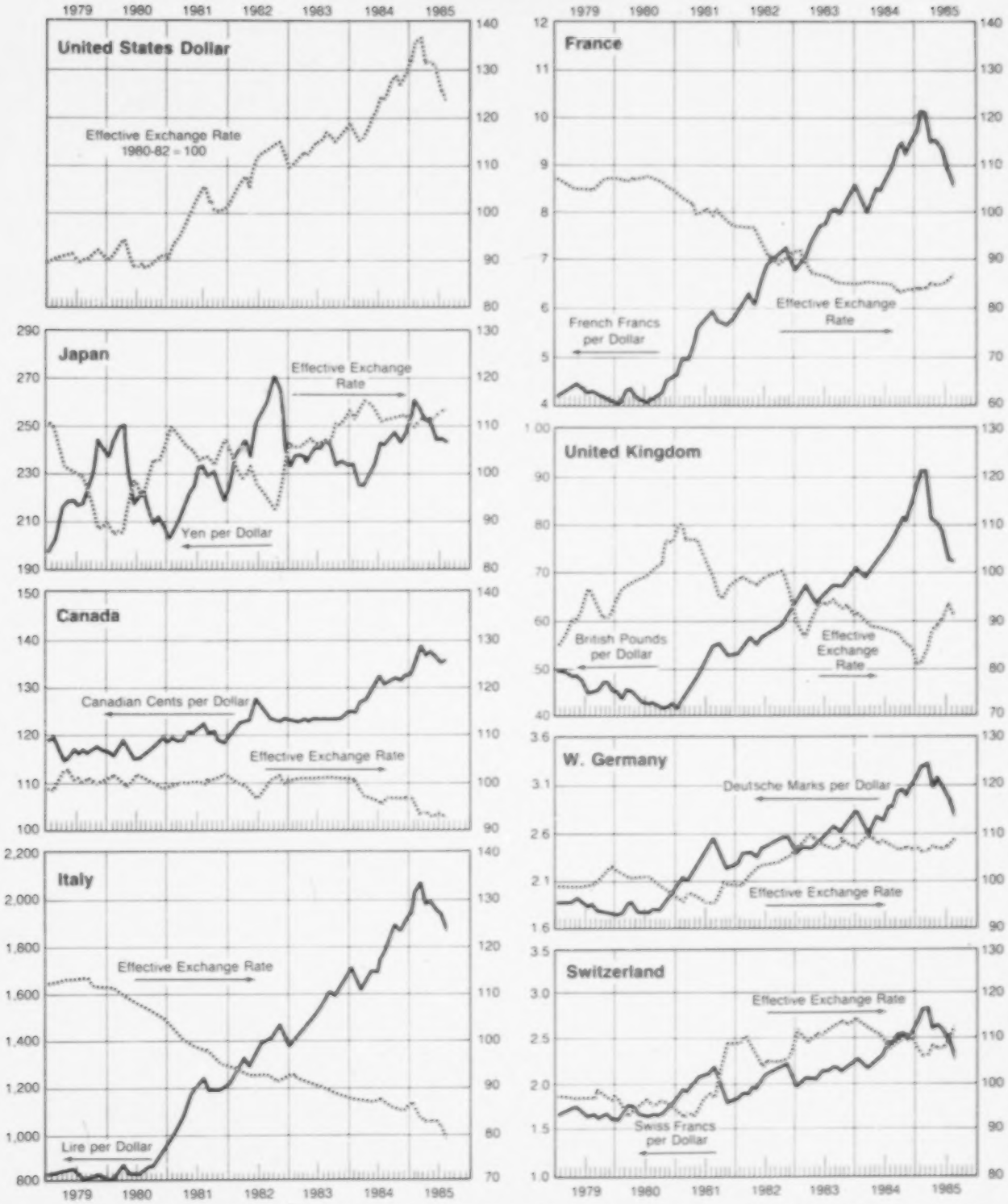
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

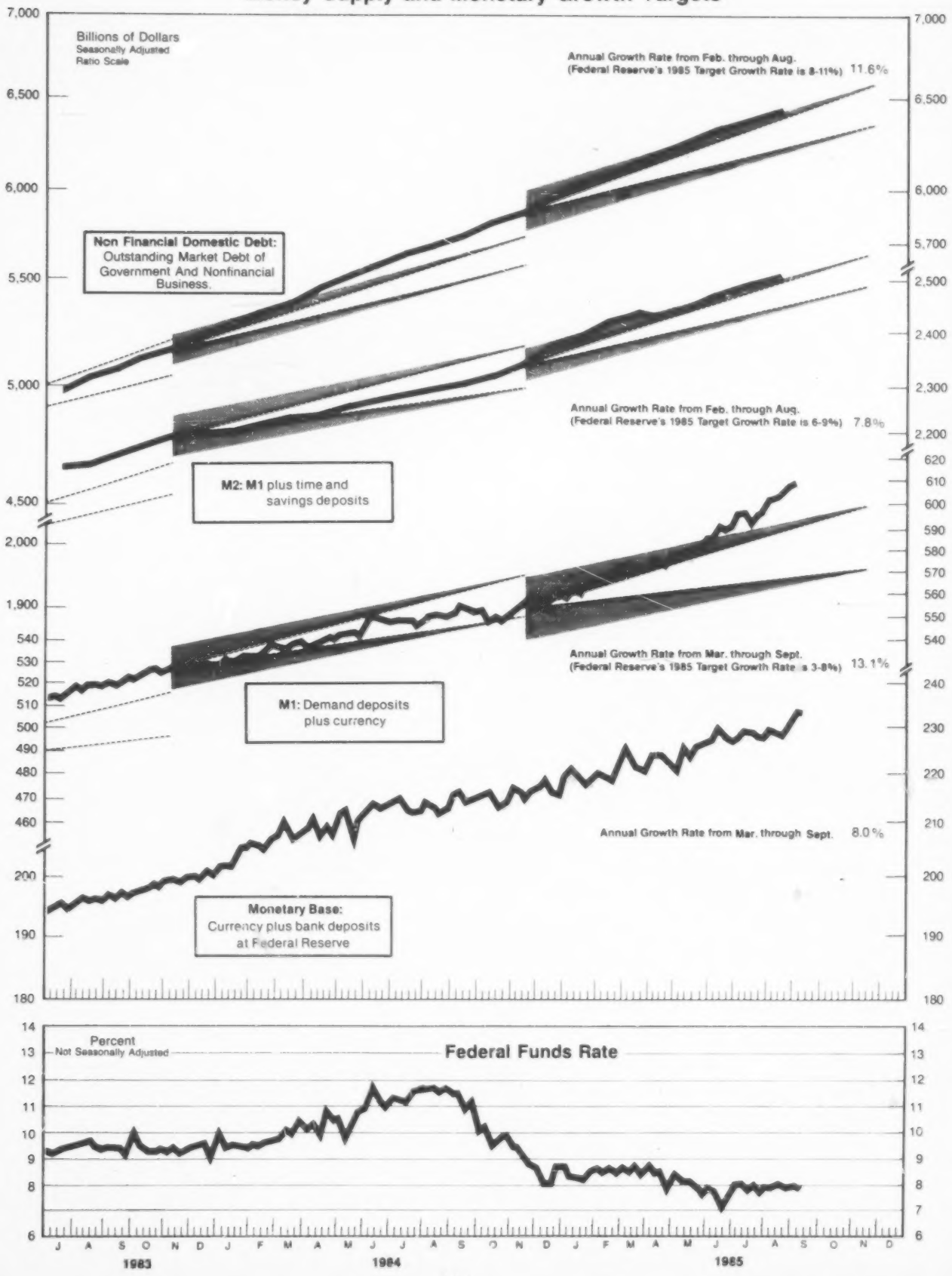
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)
Receipts	**$ 779.8**	**$ 790.0**	**$ 850.1**	**$ 858.0**	**$ 937.0**	**$ 939.0**
Outlays	**957.7**	**965.0**	**989.4**	**1,021.0**	**1,036.8**	**1,082.0**
Deficit	**-177.8**	**-175.0**	**-139.3**	**-163.0**	**-99.8**	**-143.0**
Receipts by source	**779.8**	**790.0**	**850.1**	**858.0**	**937.0**	**939.0**
Individual income taxes	356.2	362.5	389.8	395.0	429.8	434.0
Social security	287.2	285.3	309.5	305.0	343.8	338.0
Corporate income taxes	66.0	72.5	81.2	87.0	94.4	96.0
Other receipts	68.4	69.7	69.6	71.0	69.0	71.0
Outlays by function	**957.7**	**965.0**	**989.4**	**1,021.0**	**1,036.8**	**1,082.0**
Social security and medicare	268.4	270.0	287.0	290.4	308.3	312.9
National defense	257.1	257.1	285.2	285.2	303.9	304.0
Income security	115.2	121.1	119.4	124.2	124.1	130.6
Health	34.6	34.9	35.7	37.8	37.1	40.7
Education and manpower	30.4	30.8	28.4	31.3	28.2	32.1
Transportation	26.1	25.8	25.6	27.7	24.7	28.1
Veterans' benefits	26.6	26.8	25.8	27.3	27.7	27.7
International affairs	21.3	18.9	19.1	17.3	18.0	16.4
Agriculture	16.4	16.2	10.6	16.2	9.5	13.7
Natural resources	12.4	13.0	11.6	12.8	11.5	13.0
General science	9.4	8.9	9.4	8.9	9.6	9.0
Justice	6.6	6.8	6.7	7.0	6.7	7.2
Community development	7.4	8.0	6.5	7.3	5.9	6.8
General government	5.0	5.5	5.0	5.2	5.1	5.5
Commerce, housing credit	2.8	3.7	- 1.0	3.4	- 1.6	5.2
Energy	3.8	5.6	3.1	5.2	1.8	4.5
Revenue sharing	2.9	6.5	1.7	3.2	1.8	2.1
Interest	138.1	137.0	147.0	149.0	151.8	165.0
Allowances	0.0	- 1.7	0.8	- 1.7	1.9	- 0.5
Offsetting receipts	-36.9	-39.9	-39.0	-37.1	-39.2	-41.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,238.7**	**$4,217.0**	**$4,589.4**	**$4,548.0**	**$4,959.3**	**$4,905.0**
Constant (1972) Dollar	**1,754.6**	**1,743.0**	**1,824.8**	**1,802.0**	**1,897.6**	**1,865.0**
Percent change in						
Current dollar	8.5%	8.0%	8.3%	7.8%	8.1%	7.9%
Constant (1972) dollar	4.2	3.6	4.0	3.4	4.0	3.5
Implicit price deflator	4.1	4.2	4.2	4.3	3.9	4.2
Consumer price index	4.2	4.5	4.2	4.4	3.9	4.2
91-Day T bill rate	7.5	7.4	7.0	7.2	5.9	7.2
Unemployment rate	6.8	7.0	6.6	6.8	6.3	6.6

Money Supply and Monetary Growth Targets



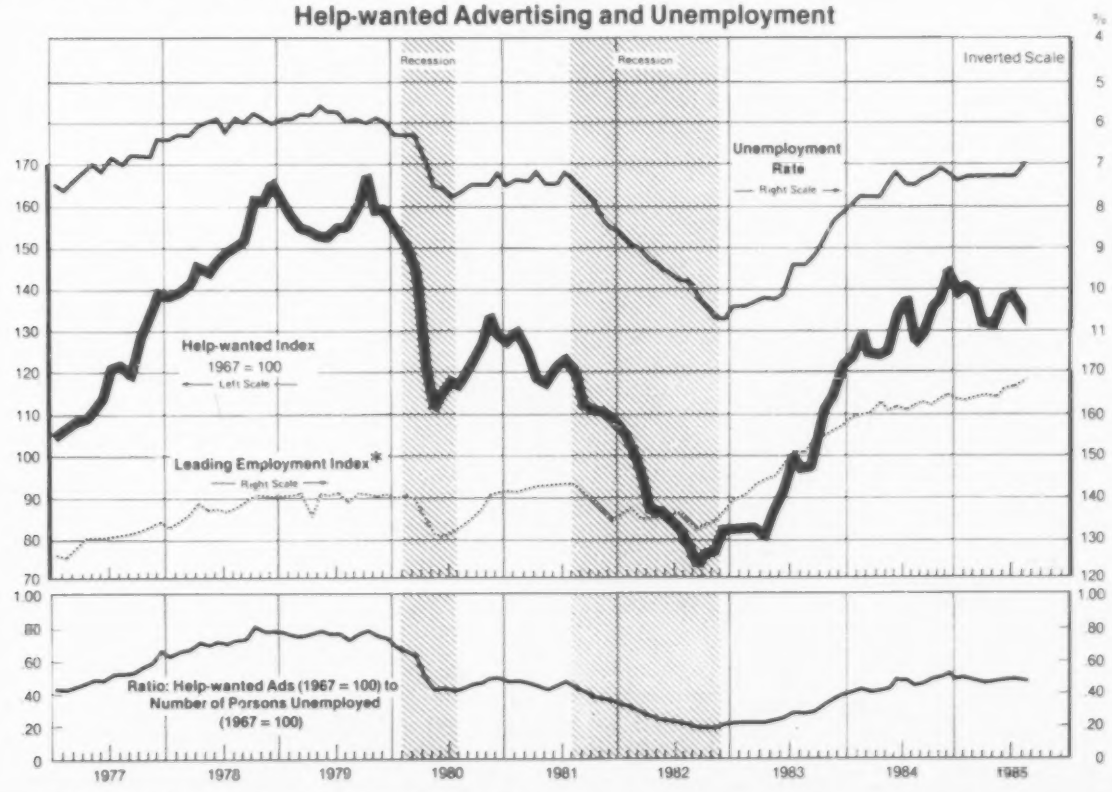
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 July	1985 June	1985 May	1984 July
National Index	139	138	131	138
New England	159	153	145	155
Boston	167	166	160	171
Hartford	180	138	132	151
Providence	116	124	102	106
Middle Atlantic	72	69	63	68
Albany	176	176	155	140
Allentown	241	176	144	202
New York	54	54	53	56
Philadelphia	64	61	52	64
Pittsburgh	75	72	64	63
Rochester	88	86	78	76
Syracuse	127	112	104	113
East North Central	89	90	85	85
Chicago	101	99	96	105
Cincinnati	NA	147	124	116
Cleveland	63	61	56	63
Columbus	131	134	121	111
Dayton	81	91	79	67
Detroit	64	64	63	55
Gary	120	113	110	99
Indianapolis	89	90	88	84
Milwaukee	59	57	49	57
Toledo	112	112	108	86
West North Central	93	94	82	84
Kansas City	164	145	111	114
Minneapolis	71	75	73	76
Omaha	112	124	114	124
St. Louis	67	73	64	62
South Atlantic	165	172	162	158
Atlanta	285	303	276	293
Baltimore	126	127	141	93
Charlotte	140	143	130	144
Jacksonville	210	216	210	198
Miami	72	79	70	82
Richmond	122	105	120	108
Washington, D.C.	167	178	158	160
East South Central	154	149r	137	136
Birmingham	156	166	141	142
Knoxville	194	194	204	190
Louisville	95	98	89	77
Memphis	110	112r	109	111
Nashville	250	208	181	200
West South Central	247	253	236	299
Dallas	340	343	322	422
Houston	299	303	284	369
New Orleans	111	114	103	141
Oklahoma City	145	155	142	174
San Antonio	206	219	213	208
Tulsa	153	168	146	167
Mountain	330	326	315	319
Denver	223	207	194	224
Phoenix	461	484	475	415
Salt Lake City	353	334	326	367
Pacific	198	191	189	192
Los Angeles	144	140	136	153
Sacramento	383	350	355	313
San Bernadino	216	195	173	188
San Diego	431	431	422	391
San Francisco	203	193	199	194
Seattle	182	182	179	172
Percentage of papers with rising volume	39	90	43	61
Unemployment rate	7.3	7.3	7.3	7.5

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8	87.8	93.1	87.2	91.5	92.1r	89.9p				

Buying Plans Index

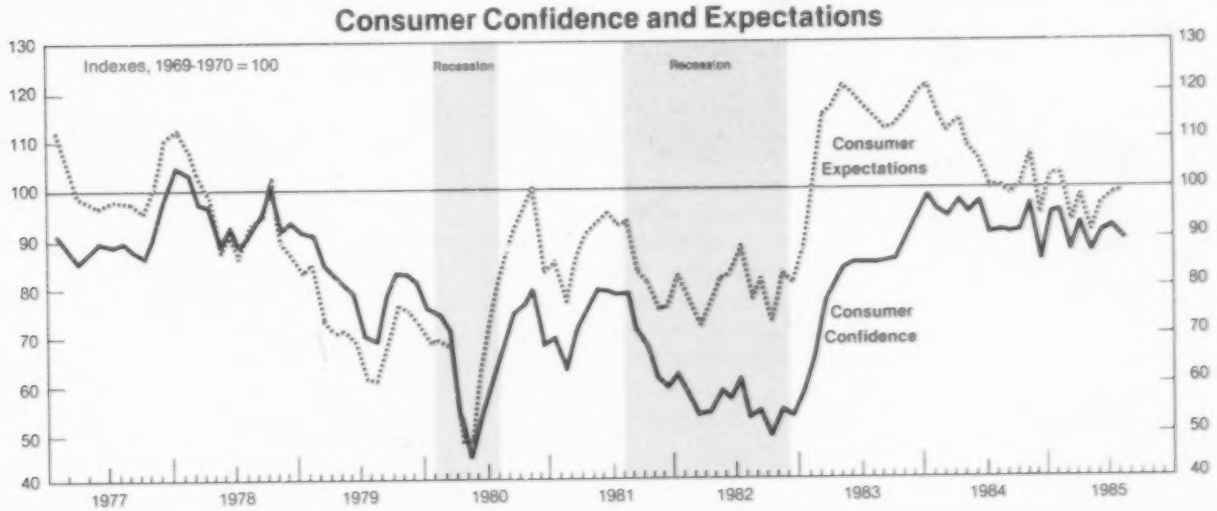
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6	94.5	100.6	93.3	98.5	102.7	96.2
1985	102.3	107.1	113.8	101.4	88.8	107.6	97.7r	102.4p				

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

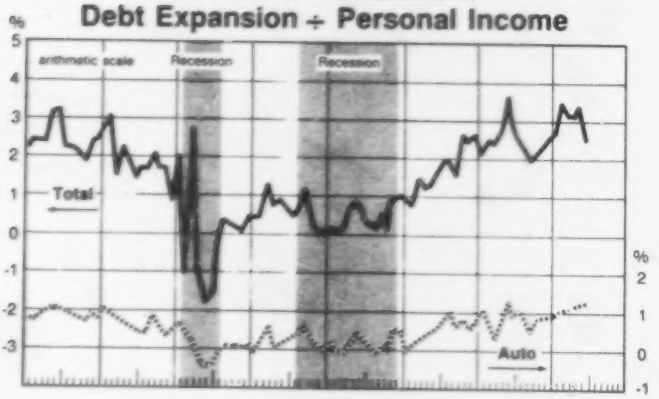
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

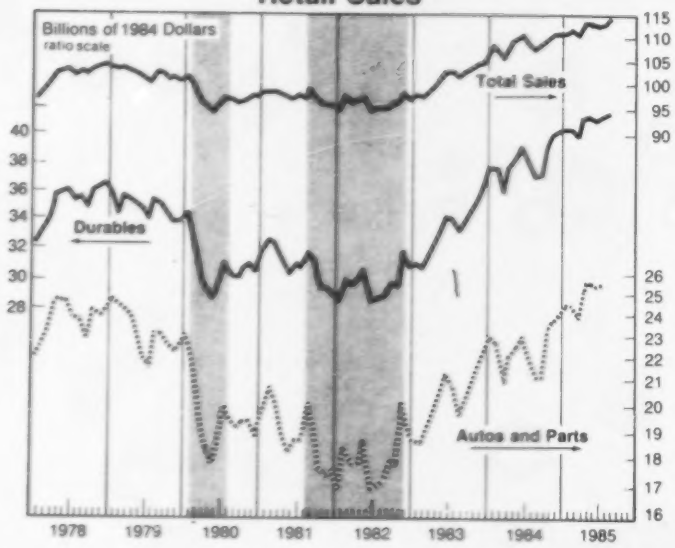
Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



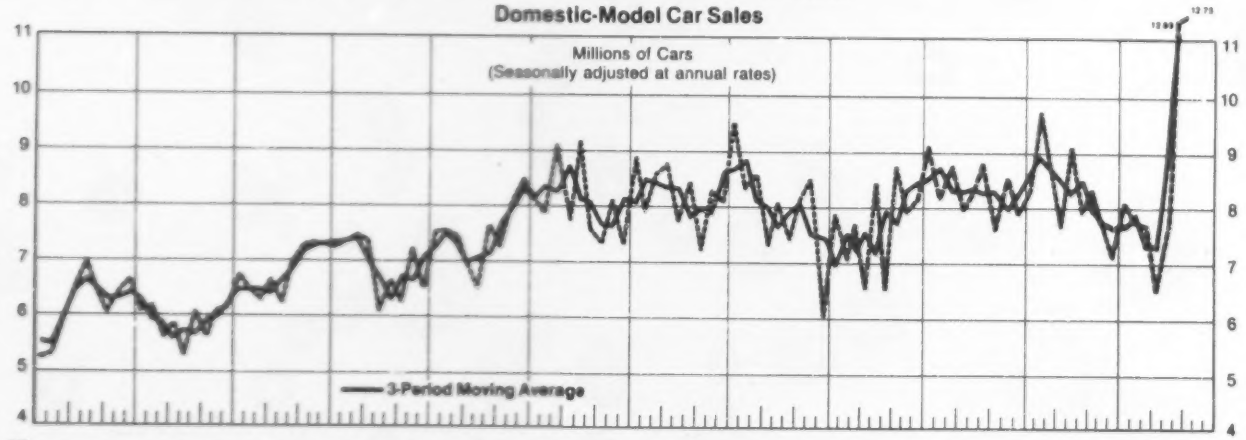
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	6.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May:	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June:	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	7.67
	21-30	4.56	7.28	8.10	7.10
July:	1-10	4.98	7.25	9.51	8.09
	11-20	5.56	7.36	8.32	7.71
	21-31	5.34	7.43	8.59	7.69
August:	1-10	5.27	7.39	7.33	6.59
	11-20	5.00	6.11	8.07	7.69
	21-31	5.72	6.65	7.43	12.69
September:	1-10	5.16	6.26	8.13	12.75
	11-20	6.75	7.21	8.52	
	21-30	6.11	6.55	6.03	
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales



Imports as Percent of Total New Car Sales